

BULLETIN
Docket No.: INS NO. 00-102-AB

Date: June 16, 2000
To: All Licensed Automobile Insurance Writers
From: Paula T. Rogers, Commissioner
Subject: **Ins 1400 Automobile Insurance**

New Hampshire Insurance Regulation Part Ins 1400 Automobile Insurance was readopted with amendments on December 27, 1999. This readopted version became effective December 28, 1999.

While the greater majority of Ins 1400 mirrors the prior version that was in effect from July 1, 1993 through October 29, 1999, it has been brought to our attention over the last few months that certain new or rewritten sections of Ins 1400 need to be clarified or should be otherwise substantively changed. Since many of the provisions of Ins 1400 must be built into various computer systems, this uncertainty about the ultimate language of various provisions has caused certain insurers to delay systematic implementation of the revisions to Ins 1400.

The Department has now concluded its analysis and has determined which provisions of Ins 1400 it intends to reconsider. Accordingly, it is now appropriate to establish definite implementation deadlines for insurers as to various provisions of Ins 1400, as follows:

A. Sections of Ins 1400 for which the Department hereby grants a six (6) month extension period, from the date of this bulletin, for compliance by insurers:

- ◆ Ins 1401.01 (e) "Chargeable Accident" means an at-fault accident loss that results in bodily injury in excess of \$750.00 or property damage in excess of \$1,500.00.
- ◆ Ins 1401.04 (c) Insurers shall establish and maintain a system by which each automobile cancellation, other than for nonpayment of premium, and each nonrenewal, other than at the insured's request is recorded together with the specific reason for the cancellation or nonrenewal. Cancellation reasons such as "for underwriting reasons" or "does not meet underwriting requirements" shall not be sufficient for compliance.
- ◆ Ins 1401.10 Records. Insurers shall maintain for a period of 6 years a record retrieval system of all company refusals to write insurance coverage and all company initiated cancellations

and non-renewals of insurance policies and the factual reasons for the refusal to write, cancel or non-renew.

- ◆ Ins 1404.13 (a) (3) Convictions shall be assigned 2 points for the following offenses:
 - a. improper passing of a school bus.
- ◆ Ins 1404.13 (d) (2) For accidents which occur after July 1, 2000 the following shall apply:
 - a. For each automobile accident resulting in the following 1 point shall be assigned:
 - 1. Excess of \$750 in bodily injury, but less than \$7,500 in bodily injury; or
 - 2. In excess of \$1,500 damage, but less than \$15,000 in damage to any property including his own.
 - b. For each automobile accident resulting in the following 2 points shall be assigned:
 - 1. Death of any person; or
 - 2. \$7,500 or more bodily injury to any person; or
 - 3. \$15,000 or more in damage to any property including one's own; and
 - c. For each SDIP chargeable automobile accident in excess of 2 chargeable accidents occurring within the experience period 3 points shall be assigned.

B. Sections of Ins 1400 which remain under reconsideration for amendment by the Department, and for which the Department will take no enforcement action until six (6) months after the readoption of new or amended language: (However, the Department will continue to enforce such provisions if they correspond to provisions contained in the Ins 1400 version effective from July 1, 1993 through October 29, 1999).

- ◆ Ins 1401.01 (m) "Eligible Risk" means a person whose principal place of residence is New Hampshire and who owns a private passenger automobile registered or principally garaged in this state or who has or is eligible to obtain a valid New Hampshire driver's license, or the state of New Hampshire and its agencies and cities, counties, towns and municipal corporations.
- ◆ Ins 1401.02 (g) Insurers shall establish a system or procedure which shows the retiering of an automobile policy between rating tiers. A cancellation or nonrenewal with concurrent writing of another policy is retiering for the purposes of this rule. Each insurer shall track the retiering of an automobile policy for a minimum of 3 years from the effective date of the current inforce policy.
- ◆ Ins 1401.05 (a) A member of a group of affiliated companies is permitted to refuse to write, cancel or refuse to renew a particular policy due to underwriting concerns, provided the member immediately offers to arrange insurance for the applicant or insured with another member of the same group.
- ◆ Ins 1401.05 (c) No company shall move a policy to a different tier within one company resulting in a different rate for the insured unless it does so in accordance with its underwriting guidelines filed with the commissioner. Such underwriting guidelines shall consist of objective underwriting criteria. Criteria shall be applied to the insured in a non-subjective manner so that application of the criteria alone determines and results in the selection of one and only one tier.
- ◆ Ins 1403.01 Rating Information.

(a) Insurance companies shall not make mid-term premium changes to an automobile policy other than for the following reasons:

- (1) Addition of a new or replacement vehicle;
- (2) Addition or deletion of a driver;
- (3) Change in address;
- (4) Change in coverage;
- (5) Change in limits;
- (6) Change in use of vehicle.

(b) Changes which occur during the policy period shall be calculated using the rates in effect at the beginning of the policy period except for:

- (1) The addition of a new vehicle to the policy which is not a replacement vehicle to a vehicle already on the policy; and
- (2) The addition of new coverage to a vehicle on the policy or for a replacement vehicle. New coverage shall not include an increase in coverage limits already existing on the policy.

(c) The following changes shall not result in any mid-term change to an existing policy:

- (1) The insured has attained a new age; or
- (2) SDIP charges as a result of accidents or convictions during the policy period.

(d) Companies writing insurance in this state shall maintain all underwriting and rating documentation from which any premium charge is developed. Such documentation shall in all cases include the underlying factual basis which supports the premium charge developed, not merely the underwriting or rating conclusion drawn from such facts. Such documentation shall be preserved in any auditable medium, such as but not limited to physical, fiche or electronic preservation of written communication or sound recording, written transcription or notes of verbal communication. Such documentation shall be retained 6 years from the date of generation.

◆ Ins 1403.02 Safe Driver Credits

(a) Insurers shall provide a discount to insureds based on the SDIP point criteria given in Ins 1404.13 according to the following schedule:

- (1) A 5 percent discount for one SDIP point free year;
- (2) A 10 percent discount for 2 SDIP point free years;
- (3) A 15 percent discount for 3 SDIP point free years;
- (4) A 20 percent discount for 4 SDIP point free years;

(b) Any merit rating plan shall be filed by an insurer and shall conform to the SDIP as given in Ins 1404.13. However, insurers may provide discounts greater than those detailed in the schedule set out in (a) above, if such discounts are filed with the department and the policy is not ceded to the facility.

(c) The discount provided shall be applied to the bodily injury, property damage, medical payments, comprehensive and collision portion of the premium.

(d) Every insurer shall indicate on the renewal notice and declaration sheet of each policy delivered on or after April 1, 1992 the number of years the insured has received safe driver credits.

- ◆ Ins 1404.13 (d) (7) Accident surcharge points shall only be based on paid losses; and
- ◆ Ins 1404.13 (d) (3) a. The automobile was lawfully parked.

If you have any questions about this bulletin please contact the Department at 603-271-2261.

NOTE: The following items may be located on our web site at: www.state.nh.us/insurance

- ◆ Bulletin, dated 06/16/00
- ◆ Ins 1400 (effective July 1, 1993 to October 29, 1999)
- ◆ Ins 1400 (effective December 28, 1999 to Present)

(ins1400bulletin.doc)